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# The President's Daily Brief

December 6, 1974

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*FOR THE PRESIDENT ONLY*

December 6, 1974

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OIL

*The meeting of oil ministers of the Organization of Petroleum Exporting Countries scheduled for December 12 will focus largely on pricing policy. OPEC prices are likely to go up about \$.50 per barrel. The participants may also discuss ways to respond to the International Energy Program set up by major importing nations.*

The oil ministers are likely to adopt a price system that will raise the average cost of oil from the Persian Gulf from \$9.84 to \$10.35 per barrel, excluding company profits. They may also cut into the profits of the major oil companies by deciding to give a larger share of available oil to the rival independents.

Any rise in the price of oil, whether a flat rise or one pegged to inflation, will probably be referred to as "token" by the OPEC countries. Nevertheless, every ten cent rise in price translates into one billion dollars of added income to producers. Increases already imposed since January 1974 have added over a dollar to the cost of each barrel of oil.

If, as seems likely, a "single price" system is adopted--one established market price, with fixed discounts for the companies that produce the oil--consumers will be able to identify company profits more easily. The large oil companies are concerned that this will make it easier for consuming countries to regulate profits. US and British majors are also worried that they will lose foreign tax credits if OPEC countries do away with the practice of taking much of their revenue in the form of a tax.

It is unlikely that any OPEC member will make a serious effort to lower the price of oil, although some may argue for holding the line.

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Algerian Maneuvering

Last month Algerian President Boumediene, in a bid to exert more influence over the direction of the OPEC meeting, made an unsuccessful attempt to shift its venue from Vienna to Algiers. Boumediene's primary goal is to unify the producing countries on the price issue.

He is apparently concerned over what he interprets as attempts by importing countries to band together to "crack the cartel."

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One of the developments that has worried Algeria and presumably some other producing countries is the establishment by the important oil-importing nations--minus France--of the International Energy Program, which is designed to ensure that the burden of any future Arab embargo or cutback is shared in an equitable way by member countries. The producing countries may discuss developing some kind of counterplan--most likely one to keep the oil supply low, but not low enough to bring the importers' emergency plan into effect.

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**USSR-PORTUGAL**

*The Soviet Union has apparently decided to moderate its public support of the Portuguese Communists.*

Portuguese Communist Party chief Cunhal

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An additional indication of Cunhal's line and Soviet acceptance of it is the recent publication of an interview with him in the Soviet party's theoretical journal Kommunist. Cunhal said he intended to proceed slowly in seeking to change Portugal's relationship with NATO and in opposing US use of Portuguese bases in the Azores.

[redacted] the Soviets feel dependent on Cunhal's reading of the situation in Portugal because of their own poor understanding of developments there. The Soviet Union had no diplomatic relations or presence in Portugal until this past summer.

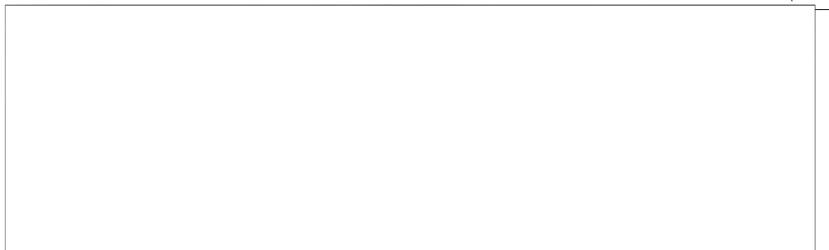
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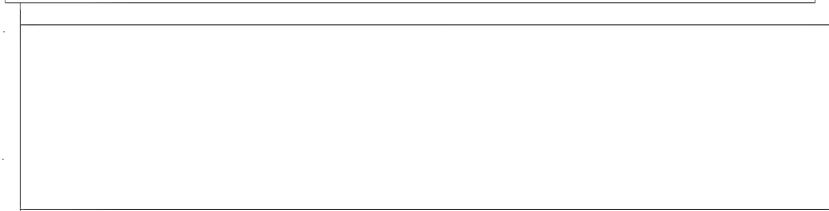
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ROMANIA

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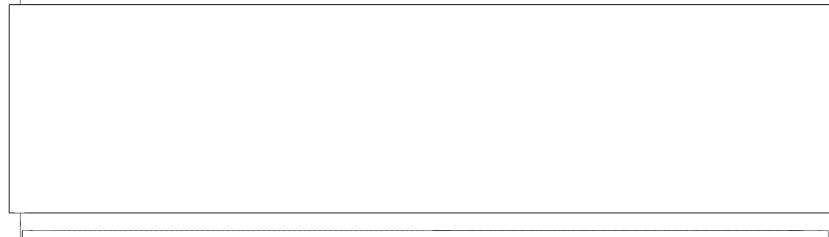
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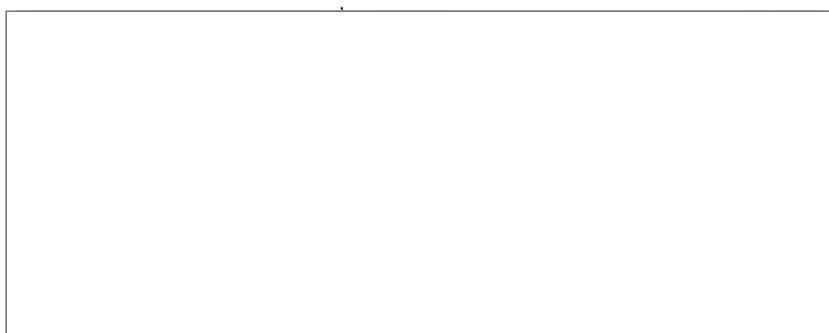
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Israel: [redacted]

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China: [redacted]

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Greece: Greeks are expected to vote heavily against the return of exiled King Constantine to the throne in the referendum on the monarchy that will be held Sunday. The 300-member parliament, in which Prime Minister Karamanlis' New Democracy Party holds 220 seats, will then determine the exact form the republic should take. Prime Minister Karamanlis has repeatedly expressed a preference for a strengthened executive that would be able to speed legislation through parliament.

West Germany: [redacted]

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